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PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Revised estimates for section 31. Office of Internal Oversight Services

Report of the Secretary-General

I. INTRODUCTION

1. By its resolution 48/218 B of 29 July 1994, the General Assembly, inter alia, decided to establish an Office of Internal Oversight Services. It also decided that the Office should assume the functions of the Office of Inspections and Investigations, as amended by the resolution and subject to the modalities defined therein. The General Assembly subsequently approved the appointment of the Under-Secretary-General for Internal Oversight Services for a five-year term beginning on 15 November 1994.

2. The proposed programme budget for the biennium 1994-1995 had requested resources for four separate units to implement their respective work programmes. These four units, the Internal Audit Division, the Management Advisory Service, the Central Evaluation Unit and the Central Monitoring Unit were combined to form the Office of Inspections and Investigations. The establishment of the Office of Inspections and Investigations in September 1993 caused a serious drain on the resources of the Audit and Management Control Division, which was formed by combining some posts from the former Management Advisory Service with the former Internal Audit Division. No additional budgetary provision was made for the Office other than the redeployment of a post at the Assistant Secretary-General level to head the Office. Therefore, in order to provide minimal staff for the office of the Assistant Secretary-General, three posts (one P-4 and two General Service (Other levels)) were redeployed from the Audit and Management Control Division.

3. Further, an Investigations Unit was formed to look into allegations of fraud, abuse and mismanagement. This Unit was formed by redeploying four posts (one D-1, one P-4, one P-3, one General Service) from the former Internal Audit Division and three posts (one P-5, one P-4 and one General Service) from the former Management Advisory Service.

II. REVISED ESTIMATES

4. In its resolution 48/218 B, by which it established the Office of Internal Oversight Services, the General Assembly decided that the Office should be financed from appropriations approved under section 31 of the programme budget for 1994-1995. The post of Assistant Secretary-General was upgraded to the under-secretary-general level, but no additional budgetary resources were made available at that time. The Office is currently preparing its 1996-1997 budget proposal but, following a review of requirements by the Under-Secretary-General, it has been determined that there is an urgent need for some additional resources in 1995 to address the shortage of staff in the three areas noted above - the Office of the Under-Secretary-General, the Audit and Management Control Division and the Investigations Unit.

Office of the Under-Secretary-General

5. The Office of the Under-Secretary-General needs to be strengthened. One P-5 post is needed for the Special Assistant to the Under-Secretary-General. The Secretary-General's bulletin (ST/SGB/273) relating to establishment of the Office of Internal Oversight Services provides for special arrangements in the areas of budget and personnel. Although the Office will continue to utilize the services of the Executive Office of the Department of Administration and Management, closer coordination is necessary between the Office of the Under-Secretary-General for Internal Oversight Services and the Executive Office.

6. In order to implement the terms of the mandate given to the Office, it will be necessary to provide coordination among the various units in the areas of training, monitoring the work programme and compliance with recommendations. In addition, the resolution requests preparation of a report on its implementation in operational funds and programmes of the Organization as well as an annual report on the work of the Office to the General Assembly. One principal level General Service post is required to assist with this work.

Audit and Management Control Division

7. The Audit and Management Control Division has two priority areas that are severely understaffed, namely: Electronic data processing (EDP) auditing and management auditing. To be able to provide a minimum audit coverage in these two areas, the Division is requesting two Professional posts at the P-4 level and one General Service (other level) post.

8. Presently, EDP audits are performed by the Chief of Section, who also is in charge of management audit, and a P-4 staff member on short-term contract. These resources are inadequate to cover the broad range of activities going on

simultaneously within the Organization. EDP audit must not only monitor new systems (integrated management information system (IMIS), Pension Fund, etc.) but also the supporting infrastructure (telecommunications, CD-ROM, E-Mail, telephone systems, etc.) and data-processing environments and operations at Headquarters and abroad. Other than for IMIS, coverage has been minimal.

9. Furthermore, EDP audit has to be strengthened so that it can better support the Division by providing the automated tools, training and computer environment needed to help the Office to perform more efficiently and effectively. At the same time, the financial and management auditors of the other Units (Investigation, Inspection and Evaluation) need programming and systems support in executing their programmes. One P-4 post is required for these functions.

10. Management audit assignments are presently carried out by two staff members, one at the P-4 level and one at the P-3 level. Both of them work mainly on management audit assignments in peace-keeping missions. So far, only one management audit has been carried out at Headquarters. There is a great demand for management audits for the following reasons: (a) to monitor and establish proper internal controls; (b) to improve management practices; and (c) to identify cost-reductions and productivity improvements.

11. To be able to conduct management audits at Headquarters departments, the Audit and Management Control Division needs at least one P-4 post. It should be noted that management audits require a high level of expertise that can be provided only by a staff member at the P-4 or P-5 level.

12. One General Service (other level) post is needed to support these functions.

Investigations Unit

13. One of the functions of the Office of Internal Oversight Services is to investigate reports of violations of United Nations regulations, rules and pertinent administrative issuances and transmit to the Secretary-General the results of such investigations together with appropriate recommendations to guide the Secretary-General in deciding on jurisdictional or disciplinary action to be taken.

14. The investigation function is carried out by the Investigations Unit of the Office of Internal Oversight Services. The Unit was established in February 1994 consisting of what was then considered as an initial staffing: 1 D-1, 1 P-5, 2 P-4, 1 P-3 and 2 General Service (other level) posts. All were existing posts redeployed from the former Management Advisory Services and the former Internal Audit Division. No other resources were deployed to it.

15. To the 37 cases that had accumulated and were passed on to the Investigation Unit at its creation in February, 77 more were added. Sixteen of these new cases were brought in by complainants through the confidential reporting facility established under administrative instruction ST/AI 397 of 7 September 1994, which was issued to implement paragraphs 6 and 7 of General Assembly resolution 48/218 B. Three suggestions for improving the use of resources were also received under that reporting facility. As is inherent in

the nature of investigation cases, while only 16 of this total of 114 cases have been closed, 20 are at various stages of investigation or follow-up for disciplinary action or prosecution. New cases come in for investigation at the rate of 5 a month.

16. Some of the cases involve numerous and large-scale activities and transactions. Each of these requires the concerted efforts of two or three investigators and may last for a year or more. Other cases can be assigned one or two to an investigator.

17. The General Assembly has requested in resolution 47/211 that misappropriated funds be recovered and that criminal prosecution of those who committed fraud against the Organization be sought. Accordingly, each case is investigated to conclude in the identification of the person or persons responsible for the violation, the institution of disciplinary and/or judicial actions against them, the recovery of the losses and damages to the United Nations, and the recommendation of measures to the Senior Programme Manager to preclude, or at least minimize, the recurrence of the violation and losses. The Investigation Unit will follow up periodically on each recommendation to ensure that the measures are in place and functioning effectively.

18. Investigative work is time-consuming not only in terms of the need to uncover the facts of the case and establish the evidence of the violation and the level of losses and damages to the Organization, but also in terms of the need to assist the Office of Legal Affairs and the Office of Human Resources Management to prepare the case for disciplinary action and, whenever warranted, for civil or criminal action in the courts. On the other hand, the investigators are also duty-bound to clear those who are falsely accused of wrong-doing and to establish the basis of disciplinary action against those who had wilfully made the false accusation. The cases brought to court entail enormous amounts of additional work for the investigators. They have to liaise with and provide supporting evidence and technical assistance to police and prosecutorial authorities, and testify at grand juries as well as in court. The international spread of United Nations activities and the movement across national boundaries of those who rob the Organization of its assets has made the exercise of the investigative function more difficult and complicated.

19. It is evident that both the accumulated and new cases constitute a workload that is too heavy for the small Unit to clear. To help the Unit with the most urgent cases, two additional investigators (one P-4, one P-3) and one investigation assistant (General Service (principal level)) are needed now.

III. CONTINGENCY FUND

20. It will be recalled that, under the procedures established by the General Assembly in its resolution 41/213 of 19 December 1986, a contingency fund is established for each biennium to accommodate additional expenditures derived from legislative mandates not provided for in the proposed programme budget. Under that procedure, if additional expenditures are proposed that exceed the resources available from the contingency fund, the activities concerned can be implemented only through redeployment of resources from low-priority areas or

modifications of existing activities. Otherwise, such additional activities will have to be deferred to a later biennium.

21. It is not anticipated that the additional requirement of $396,100 related to the establishment of 8 new posts (1 P-5, 3 P-4, 1 P-3, 2 General Service (principal level) and 1 General Service (other level)) effective 1 January 1995 can be met through termination, deferment, curtailment or modification of programmed activities under section 31 (Office of Internal Oversight Services) of the programme budget for the biennium 1994-1995. Should it not prove possible to meet this additional requirement from the contingency fund, therefore, it would be necessary to defer the proposed strengthening of the Office of Internal Oversight Services to a future biennium in accordance with the relevant provisions of General Assembly resolution 42/211 of 21 December 1987.

IV. SUMMARY

22. Should the General Assembly approve the proposals contained in the present report, an additional appropriation of $396,100 would be required under section 31. Furthermore, an additional appropriation of $103,500 would be required under section 28 (staff assessment) to be offset by an increase of the same amount under income section 1.

Annex I

PROPOSED STAFFING OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES IN 1994-1995

Professional level and above	Approved staffing for 1994-1995 under the regular budget	Changes proposed for 1995	Total proposed for 1995	Extrabudgetary posts
USG	1	-	1	-
D-2	1	-	1	-
D-1	3	-	3	1
P-5	7	1	8	3
P-4	11	3	14	13
P-3	10	1	11	8
P-2/1	8	-	8	1
Subtotal	41	5	46	26
General Service				
Principal	9	2	11	1
Other level	14	1	15	9
Subtotal	23	3	26	10
Grand total	64	8	72	36

Annex II

PROPOSED STAFFING IN 1995

	Office of the Under-Secretary-General		Central Monitoring and Inspection Unit		Central Evaluation Unit		Audit and Management Control Division		Investigation Unit		Total	Total	Grand total
LEVEL	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB	RB	XB	
USG	1	-	-	-	-	-	-	-	-	-	1	-	1
D-2	-	-	-	-	-	-	1	-	-	-	1	-	1
D-1	-	-	1	-	1	-	-	1	1	-	3	1	4
P-5	1 a/	-	1	-	1	1	4	2	1	-	8	3	11
P-4	1	-	1	-	2	-	7 b/	13	3 c/	-	14	13	27
P-3	-	-	-	-	1	-	5	8	2 c/	-	8	8	16
P-2/1	-	-	1	-	-	-	10	1	-	-	11	1	12
Subtotal	3	-	4	-	5	1	27	25	7	-	46	26	72
GS (P)	1 a/	-	-	-	-	-	9	1	1 c/	-	11	1	12
GS (O)	2	-	3	-	4	-	4 b/	9	2	-	15	9	24
Subtotal	3	-	3	-	4	-	13	10	3	-	26	10	36
Grand total	6	-	7	-	9	1	40	35	10	-	72	36	108

RB = Regular budget
XB = Extrabudgetary

a/ Including 1 P-5 and 1 General Service (principal level) posts proposed to be established in 1995.

b/ Including 2 P-4 and 1 General Service (other level) posts proposed to be established in 1995.

c/ Including 1 P-4, 1 P-3 and 1 General Service (principal level) posts proposed to be established in 1995.

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PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Contingency fund: consolidated statement of programme budget implications and revised estimates

Report of the Secretary-General

1. The consolidated statement of programme budget implications and revised estimates falling under the guidelines for the contingency fund contained in the annex to resolution 42/211 of 21 December 1987 is herewith submitted. It amounts to $14,681,300, as detailed in the annex to the present report. The amounts contained in respect of each item correspond to those previously recommended by the Fifth Committee upon its consideration of individual statements and proposals for revised estimates.

2. The balance of the contingency fund for the biennium 1994-1995, as indicated in resolution 48/230 of 23 December 1993, is $16,044,100. The consolidated amount of $14,681,300 is within the available balance of the contingency fund. The Fifth Committee, in accordance with paragraph 5 of the annex to resolution 42/211 can proceed to recommend to the Assembly the appropriation of the required amounts under the relevant sections of the programme budget, as follows:

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Section		Thousands of United States dollars
4	Peace-keeping operations and special missions	2 242.1
8	Department for Policy Coordination and Sustainable Development	282.5
11A	United Nations Conference on Trade and Development	66.8
14	International Drug Control	45.0
15	Economic Commission for Africa	66.0
16	Economic and Social Commission for Asia and the Pacific	53.4
18	Economic Commission for Latin American and the Caribbean	43.8
21	Human rights	5 148.4
29	Technological innovations	6 337.2
31	Office of Internal Oversight Services	396.1
	Total	14 681.3

3. Should the Committee proceed as above, it should also request the General Assembly to take note that a balance of $1,362,800 would remain in the contingency fund.

ANNEX

Contingency fund: consolidated statement of programme budget implications and revised estimates

	Fifth Committee meeting	Thousands of United States dollars
Revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive and special sessions of 1994 (A/C.5/49/12)	33	772.4
Environment and sustainable development: Global Conference on the Sustainable Development of Small Island Developing States (A/C.5/49/52)	33	460.5
Integrated Management Information System (A/C.5/49/41)	34	6 337.2
Revised estimates: Office of Internal Oversight Services (A/C.5/49/54)	35	396.1
Revised estimates: Office of the United Nations Special Coordinator in the Occupied Territories (A/C.5/49/51 and Corr.1)	35	2 242.1
Human rights (A/C.5/49/53)	36	4 473.0
Total		14 681.3